

EXHIBIT 1

INTRODUCTION

Respondent Gordon McGinnis was an unsuccessful candidate for the San Bernardino County Board of Supervisors in the March 7, 2000 county election. Respondent Friends of Gordon McGinnis (the “Committee”) was the controlled committee of Respondent Gordon McGinnis. Respondent Dena McGinnis served as the treasurer of Respondent Committee. Respondent Gordon McGinnis currently serves as a member of the San Bernardino City Council, having been elected in February 1999.

The Political Reform Act (the “Act”)¹ requires candidates, their controlled committees, and the treasurers of those committees, to file campaign statements at specific times, disclosing information regarding contributions received and expenditures made by the committee. In this matter, Respondents failed to timely file a semi-annual campaign statement after an unsuccessful campaign for county supervisor.

For the purposes of this Stipulation, Respondents’ violation of the Political Reform Act is stated as follows:

Respondents Gordon McGinnis, Friends of Gordon McGinnis, and Dena McGinnis failed to file a semi-annual campaign statement, for the reporting period February 20, 2000 to June 30, 2000, by the July 31, 2000 due date, in violation of Section 84200, subdivision (a) of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed, and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Section 84200 requires candidates and their controlled committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Under Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (c), it is the duty of a treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee’s

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, Title 2, sections 18109-18996. All regulatory references are to Title 2 of the California Code of Regulations.

treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Gordon McGinnis was an unsuccessful candidate for the San Bernardino County Board of Supervisors in the March 7, 2000 county election. Respondent Committee, the controlled committee of Respondent Gordon McGinnis, filed its statement of organization on January 14, 2000. Respondent Dena McGinnis served as the treasurer of Respondent Committee.

On February 24, 2000, Respondents filed a pre-election campaign statement for the reporting period January 23, 2000 to February 19, 2000. The statement disclosed that Respondents received contributions totaling \$3,584, and made expenditures totaling \$2,148. The campaign statement also reported that Respondents had a cash balance of \$936 in their campaign bank account. Respondent Gordon McGinnis lost in the March 7, 2000 county election.

Respondents had a duty to file a semi-annual campaign statement, covering the reporting period February 20, 2000 to June 30, 2000, by July 31, 2000. On June 12, 2000, San Bernardino County filing officer, Christine Ingold, sent a letter to Respondents, reminding them to file the semi-annual campaign statement by July 31, 2000. On August 10 and 23, 2000, Ms. Ingold sent two additional letters to Respondents, reminding them that their semi-annual campaign statement was due on July 31, 2000. Despite these reminders, Respondents failed to file the semi-annual campaign statement by the July 31, 2000 filing date.

When Respondents failed to file the above semi-annual campaign statement, the San Bernardino County Registrar of Voters Office referred the matter to the Commission's Enforcement Division on September 11, 2000. On October 12, 2000, Political Reform Consultant Linda Moureaux of the Enforcement Division spoke with Respondent Dena McGinnis on the telephone about the non-filing of the semi-annual campaign statement. Respondent Dena McGinnis stated that when she received the notices from the county filing officer, she spoke with Respondent Gordon McGinnis who told her he would take care of the matter. Ms. Moureaux advised Ms. McGinnis of her filing responsibilities, and the possible penalties that could be imposed. On the same day, Ms. Moureaux also left a voice mail message for Respondent Gordon McGinnis, advising him of the Commission's involvement, the need to file the delinquent campaign statement, and the possible penalties that could be imposed.

In January 2001, Enforcement Division Investigator Dan Schek confirmed that Respondents had not filed the delinquent semi-annual campaign statement. After leaving voice mail messages for Respondents Gordon and Dena McGinnis, Investigator Schek sent each of them a certified letter on January 9, 2001. Both letters were returned unclaimed in February 2001. In the interim, Investigator Schek received a voice mail message from Respondent Gordon McGinnis, apologizing for not filing the statement as promised, and stating that he would try to have it completed and filed within one week.

On January 12, 2001, Investigator Schek also conducted a telephone interview of Respondent Dena McGinnis, wherein she agreed to file the delinquent semi-annual campaign statement. In her

interview, Ms. McGinnis related that she had been a candidate for a local school board in the past, and was therefore aware of the Act's campaign reporting requirements.

Following probable cause proceedings and the issuance of an accusation, the delinquent campaign statement for the reporting period February 20, 2000 to June 30, 2000 was filed on March 13, 2003. The campaign statement disclosed that Respondents received an additional \$500 contribution during the reporting period, and made expenditures totaling \$1,436 for newspaper advertisements. Respondents had no further activity after this reporting period, and terminated Respondent Committee with the filing of the campaign statement for the reporting period February 20, 2000 to June 30, 2000.

By failing to file a semi-annual campaign statement for the reporting period February 20, 2000 to June 30, 2000, by July 31, 2000, Respondents violated Section 84200, subdivision (a).

CONCLUSION

Respondents were grossly negligent in failing to file the required semi-annual campaign statement following the March 7, 2000 county election. Respondent Gordon McGinnis is currently a city councilman for the City of San Bernardino, and therefore, he was familiar with the Act's campaign reporting requirements. Respondent Dena McGinnis admitted that she had been a candidate for elective office, and therefore, she was also aware of the Act's campaign reporting requirements.

In further aggravation, the San Bernardino County filing officer and Commission staff contacted Respondents on many occasions in an effort to obtain compliance. Respondents repeatedly made assurances that they would file the required campaign statements, but failed to do so until nearly three years after the county election was over.

Based on the campaign statements that were filed in connection with the March 7, 2000 election, Respondents received a total of \$4,084 in contributions and made a total of \$3,584 in expenditures. As such, Respondent Gordon McGinnis' unsuccessful, supervisorial campaign was relatively small. However, Respondents' lack of due diligence in not filing the semi-annual campaign statement, until after the Commission issued an accusation, is a serious violation.

This matter consists of one count, which carries a maximum possible administrative penalty of Two Thousand Dollars (\$2,000). Respondents' failure to file a semi-annual campaign statement until three years after the March 7, 2000 county election is egregious, because the public would be most apt to view this campaign statement following the election. As such, a maximum fine of \$2,000 for this violation is justified.

Accordingly, the facts of this case, and the mitigating and aggravating circumstances addressed herein, justify imposition of a total administrative penalty of Two Thousand Dollars. (\$2,000.)